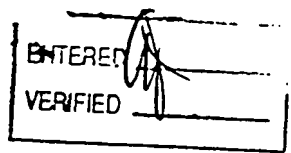


NO. 96-31380



NATURAL RESERVES GROUP, INC.,

Plaintiff

v.

BAKER HUGHES, INCORPORATED; BAKER  
SERVICE TOOLS, a Division of BAKER  
HUGHES PRODUCTION TOOLS, INC. n/k/a  
BAKER HUGHES OILFIELD OPERATIONS,  
INC.; BAKER SAND CONTROL, a Division  
of BAKER HUGHES OILFIELD OPERATIONS,  
INC.; EASTMAN CHRISTENSEN DRILLING  
SYSTEMS which changed its name to EASTMAN  
TELECO COMPANY which merged with HUGHES  
CHRISTENSEN COMPANY which merged with  
BAKER HUGHES MINING TOOLS, INC.  
n/k/a BAKER HUGHES DRILLING  
TECHNOLOGIES, INC. which merged with BAKER  
HUGHES PRODUCTION TOOLS, INC. n/k/a  
BAKER HUGHES OILFIELD OPERATIONS, INC.;  
BAKER OIL TOOLS, INC. n/k/a BAKER HUGHES  
OILFIELD OPERATIONS, INC.; EASTMAN  
TELECO COMPANY which merged with HUGHES  
CHRISTENSEN COMPANY which merged with  
BAKER HUGHES MINING TOOLS, INC. n/k/a  
BAKER HUGHES DRILLING TECHNOLOGIES,  
INC. which merged with BAKER HUGHES  
PRODUCTION TOOLS, INC. n/k/a BAKER  
HUGHES OILFIELD OPERATIONS, INC.;  
TRI-STATE OIL TOOLS, INC.; and MILCHEM,  
INC. d/b/a MILPARK DRILLING FLUIDS,

Defendants.

IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

333RD JUDICIAL DISTRICT

**PLAINTIFF'S SECOND AMENDED ORIGINAL PETITION**

Plaintiff Natural Reserves Group, Inc. ("NRG"), complaining of Baker Hughes, Incorporated; Baker Service Tools, a division of Baker Hughes Production Tools, Inc. n/k/a Baker Hughes Oilfield Operations, Inc.; Baker Sand Control, a division of Baker Hughes Oilfield Operations, Inc.; Eastman Christensen Drilling Systems which changed its name to Eastman



Teleco Company which merged with Hughes Christensen Company which merged with Baker Hughes Mining Tools, Inc. n/k/a Baker Hughes Drilling Technologies, Inc. which merged with Baker Hughes Production Tools, Inc. n/k/a Baker Hughes Oilfield Operations, Inc.; Baker Oil Tools, Inc. n/k/a Baker Hughes Oilfield Operations, Inc.; Eastman Teleco Company which merged with Hughes Christensen Company which merged with Baker Hughes Mining Tools, Inc. n/k/a Baker Hughes Drilling Technologies, Inc. which merged with Baker Hughes Production Tools, Inc. n/k/a Baker Hughes Oilfield Operations, Inc.; Tri-State Oil Tools, Inc.; and Milchem, Inc. d/b/a Milpark Drilling Fluids (sometimes collectively referred to as the "Baker Hughes defendants" ), files its second amended original petition as follows:

The Parties

1. Plaintiff NRG is a corporation organized under the laws of the State of Texas, having its principal place of business at Five Post Oak Park, Suite 1600, Houston, Texas 77027.

2. Defendant Baker Hughes, Incorporated is a corporation under the laws of the State of Delaware, having a principal place of business at 3900 Essex Lane, Suite 1200, Houston, Texas 77027. Baker Hughes, Incorporated has filed an answer in this case and may be served through its attorney of record.

3. Defendant Baker Service Tools is a division of Baker Hughes Production Tools, Inc., n/k/a Baker Hughes Oilfield Operations, Inc. Baker Hughes Oilfield Operations, Inc. is a corporation under the laws of the State of California, having a principal place of business at 3900 Essex Lane, Suite 1200, Houston, Texas 77027. Baker Hughes Oilfield Operations, Inc. has filed an answer in this case and may be served through its attorney of record.

4. Defendant Baker Sand Control is a division of Baker Hughes Oilfield Operations, Inc. Baker Hughes Oilfield Operations, Inc. is a corporation under the laws of the State of California,



having a principal place of business at 3900 Essex Lane, Suite 1200, Houston, Texas 77027. Baker Hughes Oilfield Operations, Inc. has filed an answer in this case and may be served through its attorney of record.

5. Defendant Eastman Christensen Drilling Systems changed its name to Eastman Teleco Company which merged with Hughes Christensen Company which merged with Baker Hughes Mining Tools, Inc. n/k/a Baker Hughes Drilling Technologies, Inc. which merged with Baker Hughes Production Tools, Inc. n/k/a Baker Hughes Oilfield Operations, Inc. Baker Hughes Oilfield Operations, Inc. is a corporation under the laws of the State of California, having a principal place of business at 3900 Essex Lane, Suite 1200, Houston, Texas 77027. Eastman Christensen Drilling Systems has filed an answer in this case and may be served through its attorney of record.

6. Defendant Baker Oil Tools, Inc. n/k/a Baker Hughes Oilfield Operations, Inc. is a corporation under the laws of the State of California, having a principal place of business at 3900 Essex Lane, Suite 1200, Houston, Texas. Baker Hughes Oilfield Operations, Inc. has filed an answer in this case and may be served through its attorney of record.

7. Defendant Eastman Teleco Company merged with Hughes Christensen Company which merged with Baker Hughes Mining Tools, Inc. n/k/a Baker Hughes Drilling Technologies, Inc. which merged with Baker Hughes Production Tools, Inc. n/k/a Baker Hughes Oilfield Operations, Inc. Baker Hughes Oilfield Operations, Inc. is a corporation under the laws of the State of California, having a principal place of business at 3900 Essex Lane, Suite 1200, Houston, Texas 77027. Baker Hughes Oilfield Operations, Inc. has filed an answer in this case and may be served through its attorney of record.



8. Defendant Tri-State Oil Tools, Inc. is a corporation under the laws of the State of California, having a principal place of business at 363 North Sam Houston Parkway East, No 1900, Houston, Texas 77060. Tri-State Oil Tools, Inc. has filed an answer in this case and may be served through its attorney of record.

9. Defendant Milchem, Inc. d/b/a Milpark Drilling Fluids is a corporation under the laws of the State of Delaware, having a principal place of business at 3900 Essex Lane, Suite 1200, Houston, Texas 77027. Milchem, Inc. has filed an answer in this case and may be served through its attorney of record.

#### Jurisdiction and Venue

10. This Court has jurisdiction in this cause because the damages suffered by NRG are in excess of the minimum jurisdictional requirements of this Court.

11. Venue is proper in Harris County, Texas because a substantial part of the cause of action accrued in this county.

#### Background Facts

12. In 1991, NRG developed certain technology, including concepts, techniques and methods, relating to completing horizontal wells, which technology was proprietary and confidential to NRG ("NRG's Proprietary Information"). NRG's Proprietary Information is a valuable business asset giving those who use it a competitive advantage. Recognizing the value of NRG's Proprietary Information, NRG has at all times relevant to this suit taken reasonable precautions to maintain its confidentiality.

13. In November 1991, NRG approached one of the Baker Hughes defendants for the purpose of having the Baker Hughes defendants assist NRG in evaluating the feasibility, uniqueness, novelty and patentability of NRG's Proprietary Information. Taking reasonable



precautions to protect NRG's Proprietary Information, NRG discussed the general concepts of completing multi-lateral or horizontal wells from a vertical well while providing the juncture between the lateral wells and the vertical well. NRG told the Baker Hughes defendants it had developed some potentially patentable techniques and wanted to present them with information concerning its inventions but would only do so if the Baker Hughes defendants executed a confidentiality agreement. NRG also wanted to learn from the Baker Hughes defendants whether they had developed similar technology.

14. On December 3, 1991, NRG presented a draft confidentiality agreement to the Baker Hughes defendants. In response, the Baker Hughes defendants insisted that a document drafted by them, entitled "Agreement for the Exchange of Proprietary Information (the "Confidentiality Agreement"), be executed. The stated consideration for the Confidentiality Agreement was "the disclosure to each party of the confidential and proprietary information of the other party." NRG was willing to enter into the Baker Hughes Confidentiality Agreement and disclose NRG's Proprietary Information to the Baker Hughes defendants to further the purposes set forth in ¶ 17 of this First Amended Petition..

15. On December 13, 1991, the first of the Baker Hughes defendants executed the Confidentiality Agreement. Although a total of four identical Confidentiality Agreements were executed by different Baker Hughes defendants, NRG was advised by the Baker Hughes defendants that the execution of any one of the Confidentiality Agreements obligated all of the Baker Hughes defendants to the terms and conditions stated in the Confidentiality Agreement. None of NRG's Proprietary Information was disclosed to the Baker Hughes defendants prior to the execution of a Confidentiality Agreement on December 13, 1991.



16. The Confidentiality Agreements, attached hereto as Group Exhibit "A" and incorporated herein, provide in pertinent part:

3. The Receiving Party [the Baker Hughes defendants] hereby covenants and agrees that it will not knowingly (either directly or indirectly) reveal or disclose Proprietary Information or the fact that the parties have entered into this Agreement, to any other person, partnership, association, or corporation and shall treat all such Proprietary Information received from the Disclosing Party [NRG] as a trade secret proprietary in nature to the Disclosing Party and will safeguard the secrecy of Proprietary Information by following the same procedures used in safeguarding its own valuable confidential information and trade secrets.

4. The Receiving Party covenants and agrees not to use, sell, lease, license or otherwise commercially use Proprietary Information or distribute information regarding the relationship of the parties, either directly or indirectly, unless express, prior authorization in writing is obtained from an officer of the Disclosing Party.

17. The purpose of the disclosures by NRG to the Baker Hughes defendants subject to the Confidentiality Agreements was to further the relationship in which the Baker Hughes defendants would evaluate the feasibility, uniqueness, novelty and patentability of NRG's Proprietary Information, join NRG in patenting NRG's inventions, and utilize NRG's Proprietary Information in the marketing and application of NRG's novel techniques for the drilling and completion of horizontal wells, in a manner not previously utilized by the Baker Hughes defendants.

18. In the approximately 15 meetings that subsequently occurred between NRG and the Baker Hughes defendants, which were attended by a total of approximately 26 Baker Hughes employees, the Baker Hughes defendants were very impressed with the novelty, as well as the potential commercial viability, of NRG's Proprietary Information. During the course of these meetings, the Baker Hughes defendants continually reaffirmed their interest in assisting NRG in patenting, implementation and marketing of NRG's Proprietary Information. Further, the Baker Hughes defendants continued to assure NRG that NRG's Proprietary Information was feasible,



unique, novel and patentable. The Baker Hughes defendants also represented that neither they, nor anyone else to their knowledge, were developing technology or process similar to NRG's Proprietary Information. The Baker Hughes defendants also represented that they could improve certain aspects of NRG's Proprietary Information to the mutual benefit of NRG and the Baker Hughes defendants.

19. Throughout the course of these meetings, NRG fully shared and disclosed NRG's Proprietary Information; with respect to their alleged concepts for MLC technology the Baker Hughes defendants disclosed nothing.

20. Further, the Baker Hughes defendants intentionally failed to disclose throughout the course of these meetings that their true intention was to misappropriate NRG's Proprietary Information and utilize it as their own.

21. After inducing NRG to share NRG's Proprietary Information with them, the Baker Hughes defendants then embarked on a deliberate course of delay in order to gain time to take advantage of NRG's Proprietary Information by finalizing and filing their United States patent applications, which claimed NRG's Proprietary Information as their own. As part of this delay strategy, counsel for the Baker Hughes defendants advised NRG, as a prelude to filing patent applications, to have a patent search conducted. Because NRG trusted and relied on the Baker Hughes defendants, NRG had a patent search conducted by a person suggested by counsel for the Baker Hughes defendants at its own expense and shared the results of the search with the Baker Hughes defendants.

22. For the next several months the Baker Hughes defendants continued to delay and blamed their failure to progress with the patenting, implementation and marketing of NRG's



Proprietary Information on problems related to their decentralized operating structure, and an alleged concern about their ability to protect such a process patent against infringement.

23. In an effort to overcome the apparent inertia of the Baker Hughes defendants, NRG filed its own United States patent applications, including one filed on September 10, 1992 covering NRG's Proprietary Information, which matured into United States Patent No. 5,301,760. At this time NRG did not know that the Baker Hughes defendants had violated the terms of the Confidentiality Agreements, had blatantly misappropriated NRG's Proprietary Information, and had filed a patent application on August 7, 1992 which claimed NRG's Proprietary Information.

24. After filing the United States patent application, the Baker Hughes defendants continued to mislead NRG. In fact, on September 3, 1992, in a meeting with NRG, the Baker Hughes defendants apologized for their lack of response to NRG's proposal to work together to prosecute NRG's patent applications and professed a continuing interest in the proposal.

25. Subsequently, Baker Hughes filed a foreign patent application corresponding to the United States patent application Baker Hughes filed on August 7, 1992.

26. Later, NRG was granted a United States patent based on certain NRG Proprietary Information. Unbeknownst to NRG, however, the Baker Hughes defendants were also awarded at least one United States patent which claimed the same NRG Proprietary Information.

27. Between September 1992 and February 1995, there were no substantive communications between NRG and the Baker Hughes defendants. Suddenly, on February 10, 1995, Carl Rowold, Chief Patent Counsel for the Baker Hughes defendants, called NRG and asked whether NRG would be interested in either licensing or assigning NRG's patented technology to Baker Hughes Incorporated.



28. On February 13, 1995, Rowold and Frank Richardson of the Baker Hughes defendants met with NRG. At the meeting, Rowold asked whether NRG had done anything with NRG's patents. Rowold also told NRG that Baker Hughes Incorporated wanted either to obtain an exclusive license or wanted to buy NRG's patents. Richardson said that the Baker Hughes defendants knew of no company which was utilizing NRG's patented techniques. Prior to the meeting, NRG had received an unsolicited letter from Jerry J. Dunlap, an Oklahoma attorney, who also inquired whether NRG would be willing to sell NRG's patents. After the meeting, NRG called Dunlap and asked who he represented. Dunlap refused to identify his client. Rowold later admitted, however, that Dunlap had made the inquiry on behalf of the Baker Hughes defendants.

29. Over the course of the next several months, the Baker Hughes defendants repeatedly encouraged NRG to sell NRG's patents to them, while offering NRG a pittance of their true worth. Disappointed with the initial offer the Baker Hughes defendants made during a February 17, 1995 meeting, NRG decided to "shop the market."

30. On March 22, 1995, one of the potential licensees that NRG met with told NRG that, although it was impressed with the technology embodied in NRG's patents, it was concerned because Baker Hughes had been awarded patents which appeared to cover the same technology embodied in NRG's patents. This was the first time NRG had any reason to believe NRG's Proprietary Information had been misappropriated and improperly used by the Baker Hughes defendants.

31. Not before March 23, 1995 did NRG determined that Baker Hughes had violated the terms of the Confidentiality Agreements, had misappropriated NRG's Proprietary Information,



and had filed a United States patent application which not only disclosed NRG's Proprietary Information, but which also contained claims covering NRG's Proprietary Information.

32. Before receiving NRG's Proprietary Information, the Baker Hughes defendants had never marketed or applied techniques such as included in NRG's Proprietary Information for the completion of horizontal wells. It was only through the misappropriation of NRG's Proprietary Information that the Baker Hughes defendants were able to quickly develop their "ROOTS" System. By breaching the Confidentiality Agreements, by fraudulently misappropriating NRG's Proprietary Information and by breaching fiduciary duties owed to NRG, Baker Hughes unjustly enriched itself and caused monetary and commercial damage to NRG.

33. Subsequently, NRG entered into a license agreement with Sperry-Sun Drilling, Inc. dated November 9, 1995, pursuant to which the technology embodied in NRG's United States Patent No. 5,301,760 was licensed to Sperry-Sun. NRG also entered into a license agreement with Halliburton Energy Services, Inc. effective October 30, 1995, pursuant to which the technology embodied in by NRG's United States Patent Nos. 5,301,760, 5,289,876 and 5,337,808 was licensed to Halliburton Energy Services, Inc. The value of these licenses has been and will continue to be compromised and diminished by the wrongful acts and omissions of the Baker Hughes defendants.

For a First Cause of Action -- Breach of Contract

34. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

35. The Baker Hughes defendants breached the Confidentiality Agreements, by, among other things, (1) knowingly disclosing NRG's Proprietary Information, (2) failing to treat NRG's Proprietary Information as proprietary in nature, (3) failing to safeguard the secrecy of NRG's



Proprietary Information, and (4) using, selling, leasing, licensing or otherwise commercially using NRG's Proprietary Information without the express, prior written authorization from NRG. Additionally and/or alternatively, the Baker Hughes defendants breached the Confidentiality Agreement by failing to timely disclose to NRG their claim that they had independently developed similar technology. These breaches of contract by the Baker Hughes defendants were a proximate cause of actual damages to NRG.

36. Based upon the foregoing breaches, NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants.

For a Second Cause of Action -- Attorney's Fees

37. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 and 35 set forth above.

38. Because of the breaches of the Confidentiality Agreements by the Baker Hughes defendants, it has become necessary for NRG to retain the undersigned counsel to prosecute this action against the Baker Hughes defendants.

39. Pursuant to CIV. PRAC. & REM. CODE ANN §§ 38.001, NRG is entitled to recover from the Baker Hughes defendants its reasonable and necessary attorneys' fees incurred herein.

For a Third Cause of Action -- Misappropriation

40. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

41. The Baker Hughes defendants misappropriated NRG's Proprietary Information. This misappropriation by the Baker Hughes defendants was a proximate cause of actual damages to NRG.



42. Based on the Baker Hughes defendants' misappropriation of NRG's Proprietary Information, NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally. Additionally, alternatively, and without waiver of the foregoing, the Baker Hughes defendants' theft of NRG's Proprietary Information entitles NRG to the equitable remedy of requiring the Baker Hughes defendants to account to NRG for both past and future illicit profits that they have obtained and will obtain through the improper use of NRG's Proprietary Information. NRG seeks such an equitable accounting and/or disgorgement of profits in this case.

For a Fourth Cause of Action -- Breach of Duties Arising out  
of a Confidential or Fiduciary Relationship

43. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

44. The Baker Hughes defendants recognized in the Confidentiality Agreements that NRG was providing NRG's Proprietary Information in the strictest confidence, and in reliance upon the Baker Hughes defendants' express promises to not reveal or disclose NRG's Proprietary Information, to treat NRG's Proprietary Information as proprietary in nature to NRG, to safeguard the secrecy of NRG's Proprietary Information and not to use, sell, lease, license, or otherwise commercially use NRG's Proprietary Information without the express, prior written authorization of NRG. Further, the Baker Hughes defendants owed NRG a duty to fully disclose whether they had independently developed similar technology.

45. Both pursuant to the terms and conditions of the Confidentiality Agreements and by virtue of the circumstances surrounding the creation and continuation of their relationship, the Baker Hughes defendants had a confidential or fiduciary relationship with NRG. The special



confidence place by NRG in the Baker Hughes defendants, to which the Baker Hughes defendants consented and agreed, created a special relationship of trust and confidence between NRG and the Baker Hughes defendants. Consequently, the Baker Hughes defendants owed fiduciary duties to NRG.

46. The Baker Hughes defendants breached the fiduciary duties which they owed to NRG. The breaches of fiduciary duty by the Baker Hughes defendants proximately caused actual damages to NRG.

47. Based on the Baker Hughes defendants' breaches of fiduciary duties, NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally. Additionally, alternatively, and without waiver of the foregoing, the Baker Hughes defendants' breach of fiduciary duties entitles NRG to the equitable remedy of requiring the Baker Hughes defendants to account to NRG for both past and future illicit profits that they have obtained and will obtain through their breach of such duties. NRG seeks such an equitable accounting and/or disgorgement of profits in this case.

For a Fifth Cause of Action -- Breach of Duty of Good Faith and Fair Dealing

48. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

49. By virtue of the special relationship of trust and confidence between NRG and the Baker Hughes defendants, the Baker Hughes defendants owed to NRG a duty of good faith and fair dealing.

50. The actions and conduct of the Baker Hughes defendants constitute breaches of their duty of good faith and fair dealing owed to NRG. These breaches of the duty of good faith



and fair dealing by the Baker Hughes defendants were a proximate cause of actual damages to NRG.

51. Based on the Baker Hughes defendants' breaches of their duty of good faith and fair dealing owed to NRG, NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally. Additionally, alternatively, and without waiver of the foregoing, the Baker Hughes defendants' breach of the duty of good faith and fair dealing entitles NRG to the equitable remedy of requiring the Baker Hughes defendants to account to NRG for both past and future illicit profits that they have obtained and will obtain through their breach of duty. NRG seeks such an equitable accounting and/or disgorgement of profits in this case.

For the Sixth Cause of Action -- Fraud

52. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

53. The actions and conduct of the Baker Hughes defendants constitute fraud. The Baker Hughes defendants represented that they would not reveal or disclose NRG's Proprietary Information, would treat NRG's Proprietary Information as trade secrets proprietary to NRG, would safeguard the secrecy of NRG's Proprietary Information and would not use, sell, lease, license or commercially use NRG's Proprietary Information without the express, prior written authorization of NRG. The Baker Hughes defendants also represented that neither they, nor anyone else to their knowledge, were developing technology similar to NRG's Proprietary Information. The Baker Hughes defendants also represented that they could improve certain aspects of NRG's Proprietary Information for the mutual benefit of NRG and the Baker Hughes defendants and would assist NRG in patenting NRG's Proprietary Information. The Baker



Hughes defendants failed to disclose and concealed that their true intention was to patent NRG's Proprietary Information as their own. Alternatively, the Baker Hughes defendants failed to disclose and concealed their true intention was to delay NRG from filing for its own patent before the Baker Hughes defendants filed for their patent.

54. The representations and failures to disclose by the Baker Hughes defendants were false when made, or were made recklessly without knowledge of their truth, or were expression of intention of which the Baker Hughes defendants had special knowledge not shared with NRG, or were promises made without the present intention to perform. These representations and failures to disclose were made with the intention that NRG would rely upon them, which NRG justifiably did.

55. The Baker Hughes defendants have also defrauded NRG by their conduct. The Baker Hughes defendants engaged in an ongoing pattern of affirmative acts and omissions that were calculated to and did deceive NRG as to the true intentions of the Baker Hughes defendants.

56. Based on the fraud and the fraud by conduct of the Baker Hughes defendants' NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally. Additionally, alternatively, and without waiver of the foregoing, the Baker Hughes defendants' fraud entitles NRG to the equitable remedy of requiring the Baker Hughes defendants to account to NRG for both past and future illicit profits that they have obtained and will obtain through their fraud against NRG. NRG seeks such an equitable accounting and/or disgorgement of profits in this case.



For the Seventh Cause of Action -- Fraudulent Concealment

57. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

58. The Baker Hughes defendants fraudulently concealed from NRG the fact that they had misappropriated NRG's Proprietary Information and had incorporated NRG's Proprietary Information in the United States and foreign patent applications which were filed by and ultimately awarded to the Baker Hughes defendants.

59. Based on the fraudulent concealment of the Baker Hughes defendants, NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally. Additionally, alternatively, and without waiver of the foregoing, the Baker Hughes defendants' fraudulent concealment entitles NRG to the equitable remedy of requiring the Baker Hughes defendants to account to NRG for both past and future illicit profits that they have obtained and will obtain through their fraudulent concealment. NRG seeks such an equitable accounting and/or disgorgement of profits in this case.

For the Eight Cause of Action, -- Unjust Enrichment

60. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

61. The Baker Hughes defendants were unjustly enriched at the expense of NRG.

62. Based upon the foregoing, NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally. Additionally, alternatively, and without waiver of the foregoing, the Baker Hughes defendants' unjust enrichment at the expense of NRG entitles NRG



to the equitable remedy of requiring the Baker Hughes defendants to account to NRG for both past and future illicit profits that they have obtained and will obtain through the improper use of NRG's Proprietary Information. NRG seeks such an equitable accounting and/or disgorgement of profits in this case. Also, NRG is entitled to an order of this Court directing the Baker Hughes defendants to assign to NRG all of their rights and interests in United States and foreign patents awarded to them which embody NRG's Proprietary Information.

For the Ninth Cause of Action, -- Conspiracy

63. NRG repeats and realleges the allegations contained in paragraphs 12 through 33 set forth above.

64. The Baker Hughes defendants conspired among themselves to accomplish unlawful purposes, or lawful purposes by unlawful means, in relation to NRG's Proprietary Information as more fully described above.

65. Based upon the foregoing conspiracy of the Baker Hughes defendants, NRG has suffered damages in excess of the minimum jurisdictional requirements of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally. Additionally, alternatively, and without waiver of the foregoing, the Baker Hughes defendants' conspiracy entitles NRG to the equitable remedy of requiring the Baker Hughes defendants to account to NRG for both past and future illicit profits that they have obtained and will obtain through their conspiracy. NRG seeks such an equitable accounting and/or disgorgement of profits in this case.

For a Tenth Cause of Action -- Punitive Damages

66. NRG repeats and realleges the allegations contained in 12 through 33, 41, 44 through 46, 49, 50, 53 through 55, 58, 61 and 64 set forth above.



67. The Baker Hughes defendants acted with such malice, ill will, and spite, and with such conscious indifference to NRG's rights and welfare, that the law allows the imposition of punitive damages. In this connection, NRG will suffer the loss of time and will incur expenses, including attorneys' fees, in prosecuting this action.

68. Based on the foregoing, NRG is entitled to recover punitive far in excess of the jurisdictional limits of this Court, for which it is entitled to recover from the Baker Hughes defendants, jointly and severally.

For an Eleventh Cause of Action – Constructive Trust

69. NRG repeats and realleges the allegations contained in 12 through 33, 41, 44 through 46, 49, 50, 53 through 55, 58, 61 and 64 set forth above.

70. The Baker Hughes defendants' misappropriation of NRG's Proprietary Information, breach of fiduciary duty, breach of the duty of good faith and fair dealing, fraud, fraudulent concealment, unjust enrichment at the expense of NRG, and conspiracy all entitle NRG to the equitable remedy of a constructive trust. NRG requests that a constructive trust be imposed over both past and future illicit profits that the Baker Hughes defendants have obtained and will obtain through their improper use of NRG's Proprietary Information. Additionally, alternatively, and without waiver of the foregoing, NRG requests that a constructive trust be imposed over the Baker Hughes defendants past illicit profits that the Baker Hughes defendants have obtained through their improper use of NRG's Proprietary Information, and a decree from this Court directing the Baker Hughes defendants to assign to NRG all of their rights and interests in United States and foreign patents awarded to them which embody NRG's Proprietary Information.



### Discovery Rule

71. NRG asserts that the discovery rule should apply to avoid the bar of any applicable Statute of Limitations. NRG's claims are inherently undiscoverable and thus the discovery rule should apply. Furthermore, NRG did not know of its claims, and could not have discovered its claims through the exercise of reasonable diligence, any earlier than within two years from the filing of this suit. Accordingly, NRG's claims should not be barred by the statute of limitations.

WHEREFORE, PREMISES CONSIDERED, plaintiff NRG respectfully prays that:

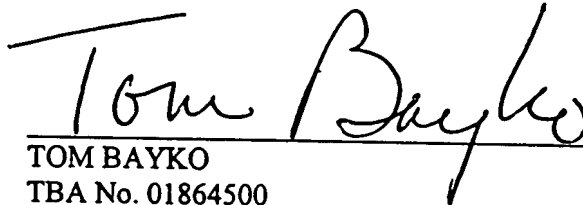
1. the Baker Hughes defendants be cited to appear and answer;
2. judgment be entered against the Baker Hughes defendants, jointly and severally where appropriate, in the amounts of actual and punitive damages to be determined by the jury in this case;
3. judgment be entered against the Baker Hughes defendants directing them to account to NRG for all past and future profits they have obtained or will obtain through their use of NRG's Proprietary Information;
4. judgment be entered against the Baker Hughes defendants imposing a constructive trust over all past and future profits they have obtained or will obtain through their use of NRG's Proprietary Information, or alternatively, a constructive trust over all past profits they have obtained through their use of NRG's Proprietary Information and a decree directing them to assign to NRG all of their rights and interests in the United States and foreign patent awarded to them which embody NRG's Proprietary Information.



5. judgment be entered against the Baker Hughes defendants for NRG's reasonable and necessary attorneys' fees;
6. judgment be entered against the Baker Hughes defendants for prejudgment and post-judgment interest at the highest rate allowed by law; and
7. judgment be entered awarding NRG such other relief to which it may be entitled.

Respectfully submitted,

BAYKO GIBSON CARNEGIE HAGAN  
SCHOONMAKER & MEYER LLP



TOM BAYKO

TBA No. 01864500

MICHAEL W. FORD

TBA No. 00797952

MARTIN P. DETLOFF

TBA No. 05779000

Texas Commerce Tower, 50<sup>th</sup> Floor

Houston, Texas 77002-2900

Telephone: 713-223-0101

Telecopier: 713-223-0042

KURT S. MYERS

LAW OFFICES OF KURT S. MYERS

7634 Braesdale

Houston, TX 77071

Telephone: 713-774-7152

Telecopier: 713-774-7152

ATTORNEYS FOR PLAINTIFF  
NATURAL RESERVES GROUP, INC



**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Plaintiff's Second Amended Original Petition was served on all counsel of record on this 25<sup>th</sup> day of September, 1997 as follows:

***VIA FAX # (713) 221-1212***

Glenn A. Ballard, Jr.  
South Tower Pennzoil Place  
711 Louisiana St., Suite 2900  
Houston, Texas 77002-2900

***VIA CERTIFIED MAIL, RRR***

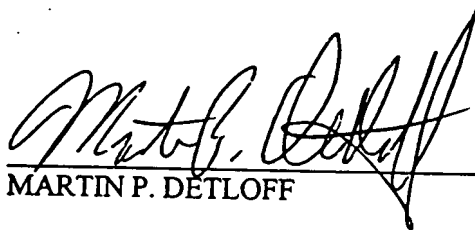
David G. Mangum  
C. Kevin Speirs  
201 South Main St., Suite 1800  
P. O. Box 45898  
Salt Lake City, Utah 84145-0898

***VIA FAX # (713) 621-2259***

Jeffrey W. Tayon  
Les Payne  
Conley, Rose & Tayon  
Texas Commerce Tower  
600 Travis, Suite 1850  
Houston, Texas 77002

***VIA FAX # (713) 238-8008***

James B. Lewis  
Matthew J. M. Prebeg  
Glover, Anderson, Chandler & Uzick, L.L.P.  
5599 San Felipe, Suite 1600  
Houston, Texas 77056

  
MARTIN P. DETLOFF